

GAO Highlights

Highlights of [GAO-13-557](#), a report to congressional committees

Why GAO Did This Study

GAO designated DOD's multibillion dollar business systems modernization program as high risk in 1995, and, since then, has provided a series of recommendations aimed at strengthening DOD's institutional approach to modernization and reducing the risk associated with key investments. The act requires the department to report on actions taken relative to its business systems modernization efforts and GAO to assess DOD's actions to comply with the act. In evaluating DOD's compliance, GAO analyzed, for example, the latest version of the business enterprise architecture and enterprise transition plan, investment management policies and procedures, and certification actions for its business system investments.

What GAO Recommends

GAO is making recommendations to help ensure that the department's modernization program is fully compliant with provisions of the act and to improve the department's architecture, transition plan, and business system investment management and human capital management within the Office of the Deputy Chief Management Officer. DOD concurred with two recommendations, partially concurred with three, and did not concur with three. GAO continues to believe its recommendations are warranted given the department's need to more effectively manage its billions of dollars of business system investments and minimize or eliminate system overlap and duplication as appropriate.

View [GAO-13-557](#). For more information, contact Valerie C. Melvin at (202) 512-6304 or melvinv@gao.gov.

May 2013

DOD BUSINESS SYSTEMS MODERNIZATION

Further Actions Needed to Address Challenges and Improve Accountability

What GAO Found

The Department of Defense (DOD) continues efforts to establish a business enterprise architecture (a modernization blueprint) and transition plan and modernize its business systems and processes, in compliance with key provisions of the *Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005* and amendments. Nonetheless, long-standing challenges remain. The following table reflects the status of DOD's actions to fulfill selected requirements of the act.

Act's requirements	Status of DOD actions
Develop a business enterprise architecture	DOD continues to develop content for its business enterprise architecture, such as business rules, and is proceeding with efforts to extend the architecture to its components. However, even though DOD has spent more than 10 years and at least \$379 million on its business enterprise architecture, its ability to use the architecture to guide and constrain investments has been limited by, among other things, the lack of a detailed plan.
Develop an enterprise transition plan	The department's latest version of its transition plan included data on more than 1,200 covered defense business systems; however, important content, such as time-phased milestones and performance measures, is still needed to address the act's requirements.
Establish an investment approval and accountability structure along with an investment review process	DOD has taken steps to establish a portfolio-based approach to certifying defense business systems, including the establishment of a corporate-level board to oversee the approach and guidance for selecting, controlling, and evaluating the investment portfolio. However, it has yet to fully establish the foundation for its new portfolio-level investment management process or the criteria and procedures for making portfolio-based investment decisions.
Certify any business system program costing in excess of \$1 million as compliant with the business enterprise architecture and as having undertaken appropriate business process reengineering	DOD's portfolio-based investment approach included reviewing and certifying more than 1,200 business systems for fiscal year 2013, totaling about \$6.8 billion in funding. However, while DOD continues to perform compliance assertions, it has not ensured the accuracy of business enterprise architecture alignment through validation of individual investments. Further, appropriate business process reengineering assertions were not completed and the associated results and outcomes have yet to be reported.

Source: GAO analysis of DOD data.

In addition, the Office of the Deputy Chief Management Officer has yet to determine and follow a strategic approach to managing its human capital needs, thus limiting its ability to, among other things, effectively address the act's requirements. Collectively, these limitations put the billions of dollars spent annually on approximately 2,100 business system investments that support DOD functions at risk. GAO's previous recommendations to the department have been aimed at accomplishing these and other activities related to the business systems modernization. However, to date, the department has not implemented 29 of the 63 recommendations that GAO has made in these areas.

According to DOD officials, recent turnover, changes to the act's requirements significantly expanding the number of systems subject to certification, and the short time frame for implementing the new investment review process contributed to the aforementioned weaknesses. Until DOD implements GAO recommendations and addresses the weaknesses described in this report, it will be challenged in its ability to manage the billions of dollars invested annually in modernizing its business system investments.